

Message Text

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12

ORIGIN OPIC-12

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R 092136Z MAY 74

FM SECSTATE WASHDC

TO AMEMBASSY SANTO DOMINGO

UNCLAS STATE 096340

E.O. 11652:N/A

TAGS: EFIN

SUBJECT: HOTELES DEL CARIBE/HOLIDAY INN

1. OPIC IS DISCUSSING WITH VICTOR THOMEN WHO REPRESENTS DOMINICAN INVESTORS AND ADELA PARTICIPATION IN DEBT FINANCING WITH FONDO FIDE IN A DOLS 5.2 MILLION 200 ROOM HOLIDAY INN PROJECT IN SANTO COMINGO. IT WILL BE LOCATED MIDWAY BETWEEN THE HOTEL EMBAJADOR AND DOWNTOWN ON THE SEA COAST. OPIC SENT A SUMMARY OF THE PROJECT TO MIKE SKOL AT THE EMBASSY APRIL 3. DANIEL INTERNATIONAL WILL BE THE CONSTRUCTION SUPERVISOR AND HOLIDAY INN PARENT COMPANY MIGHT BE THE OPERATOR AND EQUITY INVESTOR. WENDELL ANDERSON AID ENGINEER REVIEWED THE HOTEL DRAWINGS AND SPECS AND SAID THERE SHOULD BE NO PROBLEMS EXCEPT PERHAPS IN OBTAINING LOCAL CONSTRUCTION MATERIALS.

2. EMBASSY COMMENTS ON THE FOLLOWING POINTS WILL BE APPRECIATED IN PREPARATION FOR OPIC'S PRESENTATION TO ITS INVESTMENT COMMITTEE MAY 21.

A) IS THERE A CONTINUOUS SHORTAGE OF FIRST CLASS

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HOTEL ROOMS IN SANTO DOMINGO THAT JUSTIFIES THIS ADDITIONAL

200 ROOMS IN THE NEXT 18 MONTHS, TAKING INTO ACCOUNT EXPECTED NEW COMPETITION FROM OTHER INTERNATIONAL HOTEL CHAINS. THE APPLICANT SAYS THERE ARE ONLY 400 FIRST CLASS ROOMS IN THE CITY.

B) DOES THE EMBASSY FORESEE AN OVER CAPACITY PROBLEM IF THE OTHER CHAINS OPEN SIMULTANEOUSLY WITH THIS ONE.

C) THE FOLLOWING DOMINICAN INVESTORS PLAN TO INVEST APPROXIMATELY DOLS 600,000 IN THE PROJECT: VICTOR THOMEN AND HIS COMPANY PREFABRICADOS Y CONSTRUCCIONES S.A., PELLICE MOTORS, JAIME CAMPS BRUGAL, CARLOS BERMUDEZ, GEORGE FIALLO, INGENIERA ELECTROMECHANICA C POR A. DOES EMBASSY KNOW IF THEY ARE REPUTABLE AND CREDIT-ORTHY BUSINESSMEN? OPIC UNDERSTANDS THOMEN'S COMPANY AND INGENIERA ELECTROMECHANICA WILL BE SUB-CONTRACTORS ON THE HOTEL. ANY GENERAL COMMENTS ON THEIR TECHNICAL QUALIFICATIONS WILL BE HELPFUL.

D) HAVE THERE BEEN ANY SERIOUS SHORTAGES OF CONSTRUCTION MATERIALS IN THE D. R. AND APPROXIMATELY WHAT RATE OF INFLATION IS TYPICAL FOR THE CONSTRUCTION INDUSTRY CURRENTLY IN THE D.R.

3. OPIC WOULD FINANCE PROJECT BY DIRECT LOAN OF CONGRESSIONALLY APPROPRIATED FUNDS AND MUST HAVE SOVEREIGN EXEMPTION FROM ALL GODR TAXES INCLUDING TAXES ON INTEREST INCOME, STAMPS AND LOAN AND MORTGAGE REGISTRATION AND ENFORCEMENT. NOT SUFFICIENT MERELY TO PASS TAX TO BORROWER. WHAT SUCH U.S. EXEMPTIONS NOW EXIST? WHAT PROBLEMS AND TIMETABLE DO YOU FORESEE IN OBTAINING THEM? WHAT GODR OFFICIAL WOULD ACKNOWLEDGE SUCH EXEMPTIONS?

4. IS LOCAL CURRENCY FREELY CONVERTIBLE? IF NOT, WHAT ASSURANCES OF CONVERTIBILITY CAN WE GET FROM GODR?

5. WHAT PRIVATE LAWYERS OTHER THAN KIRKWOOD FIRM ARE EXPERIENCED IN FINANCIAL MATTERS AND AVAILABLE TO REPRESENT OPIC IN DR?

6. APPRECIATE EMBASSY ASSESSMENT AND RESPONSE TO FOREGOING UNCLASSIFIED

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AND ANY OTHER INFORMATION AND OTHER RELEVANT COMENTS ON ACCEPTABILITY OF PROJECT BY GODR.
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Message Attributes

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